

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

FIRST-CLASS MAIL PACKAGE SERVICE (FCPS)
SERVICE STANDARD CHANGES, 2021

Docket No. N2021-2

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS FOTI TO
INTERVENOR STEVE HUTKINS' INTERROGATORIES (SH/USPS-T3-1-5)**
(July 28, 2021)

The United States Postal Service hereby responds to Intervenor Steve Hutkins' Interrogatories to United States Postal Service Witness Foti, issued on July 21, 2021. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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SH/USPS-T3-1. Please refer to witness Foti's testimony at 5, lines 1-6: "Across shipping products, the top driver of shipping satisfaction for commercial shippers in FY 2020 is high reliability. According to external market research, the drivers of satisfaction with greatest importance for shippers are: 1) reliability, 2) offering the best end-to-end service; 3) delivering items to destination as fast as possible; 4) delivering packages on the exact day that I expect it; and 5) offering my business the tracking information we need to assist customers." Please confirm that this is the exact wording of the USPS Market Research & Insights, Q1 FY21, Brand Health Tracker — Shipping Services, which is cited in the footnotes. If not confirmed, please provide the exact wording.

RESPONSE:

Not confirmed.

The exact language for the top five drivers of satisfaction for commercial shippers in the Q1 FY21 Brand Health tracker – Shipping Services is as follows:

1. "Is reliable"
2. "Offers the best end-to-end service"
3. "Delivers items to destination as fast as possible"
4. "Always delivers packages on the exact day that I expect it"
5. "Offers my business the tracking information we need to assist customers"

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SH/USPS-T3-2. Please refer to witness Foti's testimony at 6, line 13: "We aim to achieve 95 percent on-time reliability." Given that the Postal Service is not required to report service performance for First-Class Package Service to the public or to the Commission, please explain how the Commission, mailers and the public will know if the Postal Service is achieving 95 percent on-time reliability.¹

RESPONSE:

FCPS shippers have the ability to monitor the on-time performance of their packages and are therefore able to track on-time reliability. Additionally, the Postal Service regularly monitors the performance alongside several of our commercial shippers to provide updates on on-time reliability. Further, to the extent that the Postal Service maintains goals for competitive products that include FCPS, the Postal Service files information regarding competitive products with the Postal Regulatory Commission as part of its nonpublic Annual Performance Plan and Performance Report. Lastly, there are third parties that publicly track and report the performance of our products, as well as our competitor's products.

¹ See Responses of the United States Postal Service to Chairman's Information Request No. 1 (December 15, 2014), Docket No. MC2015-7, Transferring First Class Parcels to the Competitive List, Question No. 2 (b), in which the Postal Service confirms that "the Postal Service is not required to measure or report service performance for First-Class Package Service to the public, or to the Commission."

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SH/USPS-T3-3. Please explain how non-public service performance scores can have any impact on (a) customer satisfaction, (b) a customer's sense of the "reliability" of First Class Package Services, and (c) a customer's decision-making process about whether or not to use First Class Package Services for a given mailing.

RESPONSE:

As described in the response to SH/USPS-T3-2, FCPS shippers will be able to discern improvements in the on-time performance reliability of FCPS through their firsthand shipping experiences, through regular conversation with the Postal Service, and/or through on-time performance scores collected and published by third parties. We expect the enhancements to FCPS' on-time performance will be evident to shippers through their experience with the product itself, and that these enhancements will positively impact their satisfaction, their perceptions of the reliability of FCPS, and their decision-making process about whether or not to use FCPS for a given mailing.

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SH/USPS-T3-4. If the Postal Service implements its plan to change service standards on First Class Package Services, mailers will know for certain that a significant portion of FCPS volume will be subject to slower delivery times. At the same time, they will be unable to know with any certainty just how “reliable” delivery will be in terms of performance scores. Isn't it therefore likely that at least some mailers will choose to send their packages using another delivery service? If answered in the negative, please explain why such a scenario is not likely.

RESPONSE:

As described in the answers to SH/USPS-T3-2 and -3, FCPS customers will be able to discern improvements in the on-time performance reliability of FCPS through their firsthand shipping experiences, through regular conversation with the Postal Service, and / or through on-time performance scores collected and published by third parties.

To evaluate the impact of changes to FCPS service standards on current users of FCPS – Commercial, the Postal Service retained The Colography Group to conduct primary survey research titled the First-Class Package Service Transit Commitment Survey (“FTC Survey”). The results of the survey showed that the majority of sampled FCPS-Commercial shippers stated they would maintain or, in some cases, increase FCPS volumes with these proposed changes. Based on these results, we estimate that FCPS volumes will not be materially affected after the proposed changes to FCPS service standards are implemented. We believe FCPS's compelling value proposition will continue to resonate with lightweight shipping customers.

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SH/USPS-T3-5. Please refer to witness Foti's testimony at 8, lines 6-12: "FTC Survey results show that the majority of sampled FCPS-Commercial shippers stated that they would maintain or, in some cases, increase FCPS volumes with these proposed changes.... Therefore, we expect that FCPS volumes will not be materially affected after the proposed changes to FCPS service standards are implemented." Did the Postal Service perform an analysis of the actual volumes that these Commercial shippers typically send in order to determine how much more volume the majority would send and how much less volume the minority might send? If so, please share the results of this analysis.

RESPONSE:

As part of the FTC Survey an analysis of respondents' current FCPS shipping volumes and their anticipated changes in FCPS volumes was conducted to estimate the overall impact the proposed changes to FCPS service standards would have on FCPS volumes. A detailed overview of this analysis and the FTC survey can be found in LR-N2021-2-NP3.